



**Testimony of New York Association of Training & Employment Professionals
Before the Joint Legislative Hearing on the Executive Budget**

Human Services Hearing: January 30, 2020

Presented by Melinda Mack, Executive Director

My name is Melinda Mack. I am the Executive Director of the New York Association of Training and Employment Professionals (NYATEP), also known as New York State's workforce association. Our 175 member organizations are deeply committed to workforce development as economic development and serve well over a million New Yorkers each year. Founded in the late 1970's, our association represents every county in the State, and includes workforce boards, providers of economic development, unions, colleges, literacy, education, job training, and employment services. Our members range from small community-based organizations that work within neighborhoods or with special populations, such as veterans, youth, or New Yorkers with criminal justice histories, to huge institutions such as the state college and university system.

We are in the tightest labor market in decades, and I am sure as you speak to businesses in your districts they lament their challenges finding employees. Any shortage of labor directly impedes our state's ability to attract employers, hinders business productivity and economic growth potential. For the last several years I have come before this committee to sound the alarm – we do not have enough skilled talent to meet the needs of employers. Over 50,000 good paying jobs sit open in demand sectors, waiting to be filled. This problem is not going away, it will continue to get worse, as nearly a quarter of workers in New York are at or nearing retirement age; which will particularly impact key sectors like government, healthcare and manufacturing. We also have pools of untapped labor that needs investment – low wage workers, individuals with low basic skills, individuals with disabilities, immigrants, and the formerly incarcerated, among others who are an opportunity away from good job.

As you know the most significant factor contributing to the skills gap, is the lack of foundational and technical skills in our talent pool. As we shared in our annual State of the Workforce Report, 42% of people in our State have a high school diploma or less and many more lack the additional supports like childcare and transportation needed to move out of low-wage work, which is dominating the New York economy. We also continue to overlook the many New Yorkers who are working, but cannot make ends meet. As reported by our partners at the United Way, in New York 45% of households are living at or beneath the basic cost of living, putting them one flat tire away from not being able to put food on the table. Nearly a quarter million New Yorkers are stuck in part-time, low wage work, and want full-time employment. Any New Yorker who wants to work or improve their skills to access a better job, should be able to do so in the "State of Opportunity".

For nearly twenty years New York's strategy to solve this crisis has been flat funding, cuts, and tax credits. Conversely, as the State has invested billions into economic development, the human capital

investment has hovered around 1% of the economic development budget, despite the fact that site selectors name “talent” as a core factor. Workforce development is not charity – it is critical to economic development.

To address this, for the 2019 budget, Governor Cuomo unveiled a new vision for workforce development; including a “\$175 million” Workforce Development Initiative (WDI) managed by the Governor’s Office of Workforce Development. In an effort to streamline and increase coordination, a Consolidated Funding Application (CFA), which was outside of the Regional Economic Development Council process, was created to pool existing and new workforce resources for job training and employment services. As we shared last year, the initiative was slow to takeoff. It took nearly a year for the process to be put in place and the Office of Workforce Director to be hired. Nonetheless, despite the delays, funding applications are underway, and we celebrated the recent \$3.4M in funding has been awarded, and look forward to the additional announcements in the coming months.

I want to be clear this funding is critical and desperately needed, and we applaud the Governor for making a commitment to continuing this investment in his Executive Budget. However, we urge the Legislature to review the language in the Aid to Localities Budget, Pay for Success Contingency Reserve, General Fund Local Assistance Account 10000. The Pay for Success funding of \$69,000,000 is bound by the discretion of the Division of Budget, which has placed unnecessary constraints on the funding. As our members have shared with us, the inability to receive up front resources or administrative costs (i.e. organizations are paid following the program’s implementation, therefore you must have enough money in your budget to run the program already and only if they meet prescribed performance outcomes); the requirement that every program ends in employment within a year (i.e. eliminating critical programs that bridge individuals with low basic skills into hard-skills training, partnerships with K-12 or programs like apprenticeship that take more than 1 year to complete); and slow contracting process (that is deterring businesses from applying). We strongly agree with Division of Budget’s goals of ensuring funding is effectively spent and lead to jobs. However, the evidence-based practices that we know change outcomes for New Yorkers, especially those left behind in the labor market, require flexibility and contracting expediency.

While on the topic of performance, nearly all programs that are aimed at lifting individuals out of poverty utilize “employment” as a metric of success. As part of the Invest in Skills NY campaign, a statewide partnership of businesses, economic development, education and job training programs, we encourage the Legislature to actively pursue a statewide performance management system that enables the State to capture the workforce system’s performance across multiple State Agencies; including federal and state funded programs and initiatives.

We agree with the NYS Division of Budget that all workforce programming must be oriented towards continuous improvement and ensure that taxpayer money is being spent wisely. However, providers of workforce services currently have to track and report varying metrics under at least 10 different state data systems, which are not integrated or coordinated. This makes it incredibly difficult to understand the collective impact of our work.

By contrast, in Washington State, as mandated by their Legislature, the State Workforce Development Board tracks the results of the state's 12 largest workforce programs and administers biennial outcome evaluations of the state workforce training system based on surveys of program participants and their employers, as well as information from the Washington Employment Security Department payroll and wage files. These evaluations, conducted by the Upjohn Institute, identify participant success in finding employment, earning levels, and participant and employer satisfaction with program services and outcomes. These evaluations have become a tool to help the state identify where to create efficiencies to save public resources.

A comprehensive performance management system that applies uniform metrics across programs more accurately describe progress, identify areas in need of reform, and foster accountability. An annual report and periodic program-level evaluations would also serve as a vehicle for policymakers and practitioners to adjust their program models and resource allocation to better respond to a rapidly changing economy. The Executive Budget does not include resources to support this concept, and we urge the State Legislature to consider investing in a statewide data and reporting system, workforce program evaluations, and eliminate any regulatory barriers that hinder data sharing across state agencies related to workforce programming.

The last topic I would like to highlight, as a significant challenge for the State's labor market is the lack of widely available, affordable childcare. As we highlighted in the State of the Workforce report, childcare has surpassed housing as most expensive category of basic living expenses. Infant care for one child, for a family at New York's median income (\$69,651), consumes 22% of that family's income. For a minimum wage worker, it would consume 67% of your income (\$23,088). This is deeply concerning, and continues to stymy workers' ability to access employment or advance their careers in education or job training.

I sincerely appreciate your continued support and interest in job training, education and employment, and your deep understanding of the needs of your constituents. I would be happy to take your questions or to follow up with your staff following the Hearing.

2020 State of the Workforce: Executive Summary

The State of the Workforce Brief is an annual snapshot, of publicly available data, to inform communities about the dynamics of their regional economy and the workforce impact. The New York Association of Training & Employment Professionals embarked on this project to use readily available data to understand who is working and who isn't; what sectors and occupations are growing across the State; and the number of potential workers produced by New York's education & training systems.

Changing economic landscape in New York and United States

- Statewide the official unemployment rate is 4.2%, but if discouraged, marginally attached, and workers who are part-time for economic reasons are included, the unemployment rate is 7.6%.
- The economy is showing indications of a slowdown. Workforce professionals should stay alert to indicators like the quits rate, shift to part-time employment, auto sales, and multiple jobs per person.
- The youth unemployment rate remains high at 20.7% for ages 16 to 19 and 11.6% for ages 20 to 24. Youth participation in the gig economy is high, with 38% of those ages 18 to 24 working in the gig economy nationwide.
- Low-wage jobs continue to dominate New York's labor market; of the top 10 occupations that make up over 1.7 million jobs, nine out of ten pay less than \$32,000 per year.
- Clean and green jobs continue to grow across New York State, while 80% of employers in the past year had difficulty hiring, with incoming talent lacking experience, training, or technical skills, as well as industry-specific knowledge.

Childcare is a barrier to median and low-wage families

- The cost of childcare has surpassed housing as the most expensive category of basic living, creating a significant barrier for families. Infant care for one child would consume 22.1% of a median family's income.
- Childcare access continues to be a struggle with only 9.1% of childcare programs offering non-traditional hours (evening, overnight or weekend hours).
- Childcare workers also struggle to get by. According to the Early Care and Learning Council, 70% of childcare providers report working a second job to make ends meet. Additionally, 65% of New York childcare worker families are participating in at least one public income support or health care program (EITC, Medicaid and CHIP, SNAP and/or TANF).

Costs facing New York's workforce

- More than 40% of hourly employees get no more than seven days notice about their upcoming schedules and 28% get three days or fewer. This unpredictability can decrease an individual's family stability and quality of life.
- About 40% of individuals reporting family incomes between \$15,000 - \$30,000 report being either unbanked or "underbanked," meaning they also rely on an alternative financial service.
- The average annual cost of not having a bank account is \$196.50 for people who use a prepaid debit card that features direct deposit. That figure jumps to \$497.33 if the card doesn't offer direct deposit, creating an adverse effect for low-income families.

Invest in Skills NY Blueprint: Overview of Recommendations

Recommendation 1: Empower leadership. Set statewide goals. Develop a plan.

- **Restructure and empower the State Workforce Development Board:** Governor Cuomo should restructure and empower the State Workforce Development Board to work with the Office of Workforce Development to provide system-level leadership and accountability for the state's workforce development system and strategy.
- **Set statewide goals:** Governor Cuomo should empower the Office of Workforce Development to work with the State Workforce Development Board to establish a robust set of goals connecting New York's labor supply with the state's labor market demand.
- **Develop a statewide plan:** With a mandate from Governor Cuomo, the Office of Workforce Development and the State Workforce Development Board should begin a transparent and inclusive multi-stakeholder process to build a statewide plan.

Recommendation 2: Build a career pathways system.

- **Mandate government agencies to develop an integrated workforce development system:** Governor Cuomo should charge all government agencies involved in workforce development to work with the Office of Workforce Development to build a fully integrated workforce development system that works across government agencies to connect services, leverage limited resources, and establish shared outcomes.
- **Create a mechanism to fund activities and programs across the continuum of workforce development:** Governor Cuomo should launch a career pathways CFA that accepts proposals on a rolling basis and that annually funds activities across the continuum of workforce development.
- **Foster continuous improvement and innovation:** The Office of Workforce Development, as part of the rollout of the career pathways CFA, should launch a Continuous Improvement and Innovation Fund allowing experts in the field—including employers and workforce development entities—to respond to new demands by testing ideas that can improve existing or create new systems or programs.

Recommendation 3: Build a 21st-century data infrastructure.

- **Use labor market information:** The Office of Workforce Development should develop a regionally organized labor market information tool that is publicly available to all stakeholders, including current and prospective employers, job seekers, and workforce development providers.
- **Measure performance outcomes:** The Office of Workforce Development should develop a single and centrally managed set of outcome metrics for all relevant agencies and programs available to the public.
- **Evaluate programs:** The Office of Workforce Development should develop a plan to periodically evaluate workforce programs on a rotating basis made available to the public.

If you have any questions or comments relating to this testimony or any of the aforementioned reports, please reach out to Melinda Mack at mmack@nyatep.org or (518) 545 – 9500.

